

TOWNSHIP OF BALDWIN
AUDITED FINANCIAL STATEMENTS
REQUIRED SUPPLEMENTAL INFORMATION
AND SUPPLEMENTAL REPORT
YEAR ENDED MARCH 31, 2008

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name BALDWIN TOWNSHIP	County DELTA
Audit Date MARCH 31, 2008	Opinion Date MAY 19, 2008	Date Accountant Report Submitted to State: MAY 19, 2008	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

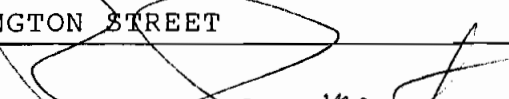
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) RAY PAYMENT, CPA			
Street Address 617 LUDINGTON STREET	City ESCANABA	State MI	ZIP 49829
Accountant Signature 			

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May 19, 2008

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Township of Baldwin
Delta County, Michigan

I have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining funds information of the Township of Baldwin, as of and for the year ended March 31, 2008, which collectively comprise the basic financial statements of the Township of Baldwin as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of the Township of Baldwin as of March 31, 2008, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the Township of Baldwin has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments, as amended and interpreted, as of April 1, 2007.

The management's discussion and analysis and budgetary comparison information on pages 5 through 9 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements. The accompanying Other Financial Information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Ray L. Payment", with a large, stylized loop at the end.

Ray L. Payment
Certified Public Accountant

TOWNSHIP OF BALDWIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended March 31, 2008

Management's Discussion and Analysis

This section of the Township of Baldwin's annual financial report presents my discussion and analysis of the Township's performance during the year ended March 31, 2008. It is to be read in conjunction with the Township's financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) Basic Financial Statements - and Managements Discussion and Analysis - for State and Local Governments, as amended and interpreted, and is intended to provide the financial results for the fiscal year ending March 31, 2008. This is the first year of GASB 34 implementation. As a result the financial report is presented differently than previous years. Because this is the first year of implementation of GASB Statement No. 34, prior-year data is not available but will be provided in subsequent years for comparative purposes.

Government-wide Financial Statements

The Government-wide financial statements appear first in the financial report. These financial statements include the statement of net assets and the statement of activities. They report information about the Township as a whole. The statements are prepared using the accrual method of accounting which is the accounting used by most small private sector businesses. The statement of net assets includes all of the Township's assets and liabilities except the fiduciary funds. All current year revenues and expenses are reported in the statement of activities. The two statements report the governmental activities of the Township that include all services performed by the Township. These activities are funded primarily by state grants.

The statement of net assets reports the Township's assets and liabilities. The corresponding balance between the assets and liabilities equals the net assets of the Township. This statement measures the financial strength of the Township; the greater the net asset figure, the healthier the financial position of the township generally is. It helps management determine if the Township will be able to fund current obligations and whether they have resources available for future use.

The statement of activities shows the current year change in net assets on a revenue less expense basis. It shows the operating results for a given year of the Township. Any excess of revenues over expenditures results in a surplus for the year that in turn increases the net assets (or reduces a deficit) available to fund future needs of the Township.

TOWNSHIP OF BALDWIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Fund Financial Statements

The Township's fund financial statements show a detail of funds that are determined to be significant, called major funds. The funds that are separately stated as the major fund are the General Fund and Special Revenue Funds.

Governmental funds are accounted for by the modified accrual method of accounting (flow of current financial resources measurement focus). This method records revenues when all applicable eligibility requirements are met and resources are available to finance expenditures of the fiscal period. Expenditures are recorded when the related liability is incurred. The governmental fund financial statements show the detail of operations for a given year according to this method of accounting. This is similar to how the Township reported their finances in the past. The individual fund statements help management determine what financial resources are available on a short-term basis to fund operations.

Although the government-wide financial statements and the fund financial statements use different methods of accounting to report the Township's financial condition, there are no current year differences between the two types of statements except depreciation expense and fixed assets.

Fiduciary funds, such as the Trust and Agency, are reported in the fiduciary fund financial statement, but are excluded from the government-wide reporting. The fiduciary fund financial statement reports resources that are not available to fund Township programs. The fiduciary fund financial statement reports similarly to governmental funds.

TOWNSHIP OF BALDWIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Statements - Condensed Financial Information

Statement of Net Assets

The following is a March 31, 2008 condensed statement of net assets with a detailed analysis of the statement below.

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and CD's	\$ 214,500
Taxes receivable	<u>8,398</u>
Total Current Assets	\$ 222,898
Noncurrent Assets -	
Capital Assets, net of accumulated depreciation	<u>51,664</u>
Total Assets	\$ 274,562
NET ASSETS	<u>\$ 274,562</u>
Invested in capital assets, net of related debt	\$ 51,664
Unrestricted	196,296
Restricted	<u>26,602</u>
Total Net Assets	<u>\$ 274,562</u>

The Township's total net assets are \$274,562 at March 31, 2008. Capital assets are \$51,664. This figure is derived by taking the original cost of the Township's assets and subtracting accumulated depreciation to date.

TOWNSHIP OF BALDWIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Statements - Condensed Financial Information

Statement of Net Assets (Continued)

The total restricted and unrestricted net assets are \$222,898 as of March 31, 2008. This is the net accumulated result of the current and past years' operations. The balance in the net assets shows that the Township has an ample amount of assets to fund liabilities at March 31, 2008.

Statement of Activities

The results of operations for the Township as a whole are reported in the statement of activities. This statement reports the changes in net assets for the fiscal year ended March 31, 2008. Since this is the first year the Township has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to the previous year are not made.

	<u>Governmental Activities</u>
Revenue:	
Program Revenues:	
Charges for services	\$ 2,950
Operating grants and contributions	4,307
General Revenues:	
State and federal grants	60,702
Interest	6,052
Other revenue	15,173
Property taxes and collection	<u>115,037</u>
Total Revenue	\$ 204,221
Program expenses -	
Governmental activities	<u>220,891</u>
Decrease in Net Assets	<u>\$ 16,670</u>

The Township had an overall decrease in net assets of \$16,670 for the year ended March 31, 2008. The Township's revenues totaled \$204,221.

TOWNSHIP OF BALDWIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Statement of Activities (Continued)

The Township's total cost to fund governmental activities was \$220,891. A majority of these costs were funded by state grants. This shows the Township has reliance on state grants to provide future funding for its programs and administrative costs.

Governmental Fund Budgetary Items

A schedule showing the Township's final budget and the actual results are included as required supplementary information in the financial section of the audit report. There were no budget revisions made during the year.

Capital Assets

At March 31, 2008, the Township had \$51,664 invested in capital assets net of accumulated depreciation. The change in capital assets during the year ended March 31, 2008 was depreciation of \$7,716 and additions to equipment of \$2,575.

Debt

The Township had no outstanding debt at March 31, 2008.

Future Considerations

The change in state aid payments along with State budget cuts will impact the financial condition of the Township. The Township has adopted a budget for the upcoming fiscal year that should not over expend it's funding and leave the Township with a positive Fund Balance.

Contacting the Township

If you have any questions about this report or need additional information, contact the Township offices.

BASIC
FINANCIAL
STATEMENTS

TOWNSHIP OF BALDWIN
STATEMENT OF NET ASSETS

March 31, 2008

ASSETS

CURRENT ASSETS:

Cash and CD's	\$ 214 500
Taxes receivable	<u>8 398</u>

TOTAL CURRENT ASSETS	\$ <u>222 898</u>
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NONCURRENT ASSETS

Capital assets	231 400
Less accumulated depreciation	<u>(179 736)</u>

TOTAL NONCURRENT ASSETS	<u>51 664</u>
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TOTAL ASSETS	\$ <u>274 562</u>
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NET ASSETS	\$ <u>274 562</u>
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Invested in capital assets, net of related debt	\$ 51 664
Unrestricted	196 296
Restricted	<u>26 602</u>

TOTAL NET ASSETS	\$ <u>274 562</u>
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The accompanying notes are an integral part of
the financial statements.

TOWNSHIP OF BALDWIN
STATEMENT OF ACTIVITIES

March 31, 2008

		<u>Program Revenues</u>		<u>Governmental</u>
		<u>Charges</u>	<u>Operating</u>	<u>Activities</u>
		<u>for</u>	<u>Grants and</u>	<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Services</u>	<u>Contributions</u>	<u>Revenue and</u>
				<u>Changes in</u>
				<u>Net Assets</u>
Governmental				
activities:				
Legislative	\$ 20 402	\$ -	\$ -	\$ (20 402)
General				
Government	134 966	2 950	-	(132 016)
Public Works and				
Safety	57 807	-	4 307	(53 500)
Nonallocated -				
depreciation	<u>7 716</u>	<u>-</u>	<u>-</u>	<u>(7 716)</u>
Total				
Governmental				
Activities	\$ 220 891	\$ 2 950	\$ 4 307	\$ (213 634)
General revenues:				
State and federal grants				\$ 60 702
Interest				6 052
Other revenue				15 173
Property taxes and collection				<u>115 037</u>
Total General Revenues				<u>196 964</u>
Changes in Net Assets				\$ (16 670)
Net assets at April 1, 2007				<u>291 232</u>
Net assets at March 31, 2008				<u>\$ 274 562</u>

The accompanying notes are an integral part
of the financial statements.

TOWNSHIP OF BALDWIN
BALANCE SHEET- GOVERNMENTAL FUNDS

March 31, 2008

ASSETS

	<u>General Fund</u>	<u>Liquor Fund</u>	<u>Road Fund</u>	<u>Total</u>
Cash and CD's	\$ 148 261	\$ 881	\$ 65 358	\$ 214 500
Taxes receivable	<u>1 943</u>	<u>-</u>	<u>6 455</u>	<u>8 398</u>
TOTAL ASSETS	<u>\$ 150 204</u>	<u>\$ 881</u>	<u>\$ 71 813</u>	<u>\$ 222 898</u>

LIABILITIES AND FUND EQUITY

Fund Equity - unreserved	\$ 123 602	\$ 881	\$ 71 813	\$ 196 296
- reserved	<u>26 602</u>	<u>-</u>	<u>-</u>	<u>26 602</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 150 204</u>	<u>\$ 881</u>	<u>\$ 71 813</u>	<u>\$ 222 898</u>

The accompanying notes are an integral part
of the financial statements.

TOWNSHIP OF BALDWIN
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUND
WITH THE STATEMENT OF NET ASSETS

March 31, 2008

Total fund equity of governmental activities	\$ 222 898
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Amounts reported for governmental activities in the
statement of net assets are different because:

Additions:

Capital assets used in government activities
are not financial resources and therefore are
not reported as assets in governmental funds.

Cost of capital assets	\$ 231 400	
Accumulated depreciation	<u>(179 736)</u>	<u>51 664</u>

Total net assets of governmental activities	<u>\$ 274 562</u>
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The accompanying notes are an integral part of the
financial statements.

TOWNSHIP OF BALDWIN
 COMBINED STATEMENT OF CASH RECEIPTS
 DISBURSEMENTS AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED March 31, 2008

	<u>Governmental Fund Type</u>	
	<u>General</u>	<u>Special Revenue</u>
CASH RECEIPTS:		
Property taxes	\$ 23 676	\$ 78 675
Interest income	6 052	-
State revenue sharing	51 461	-
Cemetery charges lot sales	2 950	-
Swamp tax and CFR	9 241	-
Liquor license fees	-	536
Charges for services:		
Tax collection fees	12 686	-
Refunds and miscellaneous	15 173	1 078
Metro state revenue	-	2 693
	<u>121 239</u>	<u>82 982</u>
TOTAL CASH RECEIPTS		
CASH DISBURSEMENTS:		
Legislative:		
Township board expense and trustees	20 402	-
General Government:		
Assessor	16 330	-
Clerk	7 325	-
Supervisor	6 938	-
Treasurer	11 166	-
Elections	852	-
Board of review	1 437	-
Insurance pension and payroll taxes	19 675	-
Township hall expense	15 341	-
Equipment	4 790	97 250
Highways, roads and street lights	2 730	-
Liquor law enforcement	-	700
Fire protection	7 147	-
Cemetery	2 227	-
Recreation	1 440	-
	<u>117 800</u>	<u>97 950</u>
TOTAL CASH DISBURSEMENTS		
EXCESS OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 3 439	\$ (14 968)
FUND BALANCE, April 1, 2007	<u>146 765</u>	<u>87 662</u>
FUND BALANCE, March 31, 2008	<u>\$ 150 204</u>	<u>\$ 72 694</u>

The accompanying notes are an integral part
 of the financial statements.

TOWNSHIP OF BALDWIN
COMBINED STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
March 31, 2008

ASSETS

	<u>Economic Development Fund</u>
Cash in bank	\$ 133 548

NET ASSETS

Net Assets - Restricted for cemetery use	\$ 133 548
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The accompanying notes are an integral part
of the financial statements.

NOTES
TO
FINANCIAL
STATEMENTS

TOWNSHIP OF BALDWIN
NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Baldwin operates under and elected Board of Officers. The financial statements of the Township have been prepared in conformity with generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial-reporting principles. The more significant of the Township's accounting policies are described below.

Financial Reporting Entity

In conformity with generally accepted accounting principles, other autonomously operated governmental organizations are not considered to be part of the Township entity for financial-reporting purposes. The criteria established for determining the various governmental organizations to be included in the Township's financial statements include oversight responsibility, scope of public service and special financing relationships.

On this basis, the financial statements of the local school district are not included in the financial statements of the Township. Educational services are provided to citizens through the local school district, which is a separate governmental entity.

Basis of Presentation

Governmental-wide Financial Statements

The Township government-wide financial statements (Statement of Net Assets and Statement of Activities) report information on all of the activities of the Township except for the fiduciary activities. All of the Township activities are considered to be governmental activities.

Fund-based Financial Statements

Separate financial statements are provided on the basis of funds, each of which is considered a separate fiscal and accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Governmental and fiduciary funds are provided. The Township reports the General and Special Revenue Funds as the Major Fund.

TOWNSHIP OF BALDWIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund-based Financial Statements (Continued)

Governmental Fund Type

General Fund and Special Revenue Funds - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. The fund includes the general operating expenditures of the Township. Revenues are derived primarily from state and federal grants and various local sources. The Special Revenue Funds account for revenues and expenditures to be used as per legal or regulatory provisions.

Fiduciary Fund Type

The Trust and Agency Fund and E.D.C. are used to account for assets held by the Township in a trustee capacity. These funds are custodial in nature and do not involve measurement of results of operations.

Basis of Accounting

Government-wide Financial Statements

The Governmental-wide financial statements report all financial and capital assets, short and long-term liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and the accrual basis of accounting. All revenue is recorded when earned and expenses are recorded when a liability is incurred.

The Statement of Activities reports net cost information based on the Township's functions. Direct expenses are listed by function with program revenues for each function offset against those expenses. Program revenues include charges for services that are fees and other charges to the users or recipients of the services the Township provides. Program revenues also include operating grants and contributions that are restricted for a particular purpose. Property taxes, nonrestricted state and federal aid and other revenues that are not program revenues are reported as general revenues.

TOWNSHIP OF BALDWIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Fund-based Financial Statements

Governmental fund types and Agency Funds use the modified accrual basis of accounting and the flow of expendable financial resources (measurement focus). Under the modified accrual basis of accounting, revenues are recorded when all applicable eligibility requirements are met and resources are available (often referred to as "susceptible to accrual"). Revenues are available when revenues are collectible during the period and the actual collection will occur either (a) during the current period or (b) after the end of the period but in time to pay fund liabilities. The Township considers revenues to be available if they are expected to be collected within 60 days of the end of the year, except that tax revenues, fees and nontax revenues are recognized when received. Grants, entitlements and shared revenues are recorded when they are susceptible to accrual. Expenditure-based grants are recorded as revenue when all applicable eligibility requirements of the grants are met and resources are available. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources, except unmatured interest on general long-term debt is recorded when due. The Township has no long-term debt.

Budgets and the Budgetary Process

The Township Board adopts an annual operating budget, which can be amended by the Board throughout the year. Formal budgetary accounting is employed as a management control for the Township. For budgetary purposes, the same basis of accounting is used to reflect actual revenues and expenditures recognized on the basis of generally accepted accounting principles. For this reason, there is no common basis for preparing a reconciliation between budgeted and actual amounts. The budgeted financial statements presented in this report reflect the final budget authorization, including all amendments. Budgets are adopted on the functional level and lapse at the end of the year.

TOWNSHIP OF BALDWIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation

Capital assets include land, buildings and improvements and equipment and are reported in the Government-wide financial statements. Capital assets are defined by the Township as assets with an acquisition cost of generally more than \$100 or betterments totaling \$1,000 with an estimated useful life in excess of five years. Assets meeting this criteria are recorded at historical cost or estimated historical costs if the amount is not known. Any donated capital assets are recorded at estimated fair market value at the date of donation. The costs of capital assets are charged to expense using an annual allocation of depreciation expense. Taking the depreciable cost of an asset and dividing that cost by its estimated useful life calculates the annual expense. The expense is recorded on the Government-wide Statement of Activities and included as a direct expense of an identifiable function if the assets sole purpose can be identified as being for that function. Depreciation expense (unallocated) is the amount of depreciation expense that cannot be charged to any particular function.

The Capital assets are depreciated using the straight-line method over the following useful lives:

Land	Not depreciated
Buildings and improvements	25-50 years
Equipment	5-10 years

Investment in Capital Assets

This is a portion of net assets of the Township that consists of capital assets, net accumulated depreciation. The Township had net investment in capital assets at March 31, 2008 of \$51,664.

Restricted Assets

Net assets are restricted when there are constraints placed on their use by external parties or by statute. The Township had restricted assets at March 31, 2008 of \$26,602 which consisted of assets restricted for future litigation on a property tax dispute of \$9,796 and cemetery development of \$16,806.

TOWNSHIP OF BALDWIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted Net Assets

Net assets not meeting either criteria above are considered unrestricted.

Fund Equity

The unreserved fund equity for governmental funds represent the amount available for budgeting future operations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Accounting Change

Effective April 1, 2007, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (GASB No. 34). Significant changes to the Township's financial statements as a result of GASB No. 34 are as follows:

Management Discussion and Analysis - provides analysis of the Township's overall financial position and results of operations as reported by the Township's management.

Government-wide financial statements - Statement of Net Assets and Statement of Activities are prepared using the full accrual basis of accounting that includes all of the Township's activities.

Capital assets - recorded in the governmental activities statement of net assets at March 31, 2008 are \$231,400 along with \$179,736 of accumulated depreciation of those capital assets. The April 1, 2007 financial statements reported fixed assets in the General Fixed Assets Account Group (GFAAG) that has been eliminated for reporting purposes. No change was reported in the historical cost of the assets from the GFAAG to the current April 1, 2007 beginning capital assets balance.

Major funds - fund-based financial statements focus on major funds rather than fund-types. Major funds are determined based on the comparison of activity of individual governmental funds to total governmental fund activity.

TOWNSHIP OF BALDWIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE B - CASH INFORMATION

All deposits were made either in banks insured by federal depository insurance or with an investment broker who purchased certificates of deposit insured by federal depository insurance. Deposits were made in accordance with State of Michigan statutes and under authorization of the Township Board.

At March 31, 2008 total cash and certificates of deposit as reported by banks and investment broker amounted to \$214,500, of which \$112,316 was covered by depository insurance.

NOTE C - ECONOMIC DEVELOPMENT GRANT

The Township entered into a grant agreement with CUPPAD and the Economic Development Administration to administer a loan to Creten Brothers. The loan was closed in October, 1987 in the amount of \$78,000, of which \$75,000 was paid by the Township to Creten Brothers and \$3,000 for administration fees.

The Township is not liable on this loan to the State, and any money received on the repayment from EDA loans can be used by the Township for more economic development loans in the Township. On January 19, 1993 a loan was made to Branstrom's Grocery for \$35,000 from these monies. A loan was made to Justin Time on November 10, 1999 for \$35,700, to Demeuse Engineering on November 3, 1999 for \$17,340. The cash balance in the Economic Development account at March 31, 2008 was \$133,548. The only outstanding loan at March 31, 2008 was Creten Brothers for \$17,224.

TOWNSHIP OF BALDWIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE D - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Public Act 275 of 1980 Disclosure

The Township had no funds with a deficit as of March 31, 2008.

Public Act 621 of 1978 Disclosure

Public Act 621 of 1978, as amended, provides that a local unit of government shall not incur expenditures in excess of the amount appropriated. The Township was in substantial compliance with the Act.

NOTE E - CAPITAL ASSETS

Following is a summary of changes in capital assets during the year ended March 31, 2008:

	Balance at April 1, 2007	Additions	Disposals	Balance at March 31, 2008
<u>Governmental Activities</u>				
Assets:				
Buildings, land and improvements	\$ 104 501	\$ -	\$ -	\$ 104 501
Equipment and Vehicles	<u>124 324</u>	<u>2 575</u>	<u>-</u>	<u>126 899</u>
	\$ 228 825	\$ 2 575	\$ -	\$ 231 400
Less accumulated depreciation	<u>(172 020)</u>	<u>(7 716)</u>	<u>-</u>	<u>(179 736)</u>
Net Capital Assets	<u>\$ 56 805</u>	<u>\$ (5 141)</u>	<u>\$ -</u>	<u>\$ 51 664</u>

TOWNSHIP OF BALDWIN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE F - RISK MANAGEMENT

The Township is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The Township has obtained coverage from commercial insurance companies.

All risk management activities are accounted for in the General Fund of the Township. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

Management estimates that the amount of actual or potential claims against the Township as of March 31, 2008, will not materially affect the financial condition of the Township. Therefore, the financial statements contain no provisions for estimated claims. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE G - PENSION PLAN

The Township provides pension benefits for its officers and employees through a defined contribution plan through the Municipal Retirement Systems, Inc.

At March 31, 2008 there were seven employees vested in the plan. Participants are vested immediately in an individual flexible annuity. The plan was in lieu of paying social security wages on officer's wages. The total cost for the year was \$4.610 to the Township.

The contribution rate for the Township is 12 percent of each employee's wage and is funded by the Township.

REQUIRED
SUPPLEMENTAL
INFORMATION

TOWNSHIP OF BALDWIN
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUNDS
March 31, 2008

	General Fund		
	Actual Amount	Budget Amount	Variance Favorable (Unfavorable)
CASH RECEIPTS:			
Property taxes	\$ 23 676	21 500	\$ 2 176
Swamp tax and C.F.R.	9 241	8 300	941
State revenue sharing	51 461	45 000	6 461
Liquor license fees	-	-	-
Charges for services-			
Fire calls	120	200	(80)
Tax collection and administrative fees	12 686	10 500	2 186
Interest	6 052	-	6 052
Refunds and miscellaneous	15 053	2 000	13 053
Sale of cemetery lots and charges	2 950	100	2 850
Metro grant	-	-	-
TOTAL RECEIPTS	<u>121 239</u>	<u>87 600</u>	<u>33 639</u>
CASH DISBURSEMENTS:			
Township board	20 402	33 200	12 798
Insurance, pension and payroll taxes	19 675	23 800	4 125
Township Supervisor	6 938	7 700	762
Clerk	7 325	8 550	1 225
Treasurer	11 166	12 800	1 634
Assessor	16 330	16 140	(190)
Board of Review	1 437	1 850	413
Cemetery	2 227	19 100	16 873
Township hall and grounds	15 341	26 000	10 659
Recreation	1 440	6 000	4 560
Elections	852	3 150	2 298
Liquor law enforcement	-	-	-
Fire protection	7 147	7 900	753
Highways, roads & street lights	4 790	10 000	5 210
Capital expenditures and contingency	2 730	22 410	19 680
Sanitary landfill	-	2 000	2 000
TOTAL DISBURSEMENTS	<u>117 800</u>	<u>200 600</u>	<u>82 800</u>
EXCESS OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 3 439	\$ (113 000)	\$ 116 439
FUND BALANCE, April 1, 2007	<u>146 765</u>	<u>146 765</u>	-
FUND BALANCE, March 31, 2008	<u>\$ 150 204</u>	<u>\$ 33 765</u>	<u>\$ 116 439</u>

See accompanying notes to financial statements.

<u>Special Revenue Funds</u>		
<u>Actual Amount</u>	<u>Budget Amount</u>	<u>Variance Favorable (unfavorable)</u>
\$ 78 675	\$ 65 000	\$ 13 675
-	-	-
-	-	-
536	500	36
-	-	-
-	-	-
-	-	-
1 078	900	178
-	-	-
<u>2 693</u>	<u>3 000</u>	<u>(307)</u>
<u>82 982</u>	<u>69 400</u>	<u>13 582</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
700	1 500	800
-	-	-
97 250	97 250	-
-	-	-
-	-	-
<u>97 950</u>	<u>98 750</u>	<u>800</u>
\$ (14 968)	\$ (29 350)	\$ 14 382
<u>87 662</u>	<u>87 662</u>	<u>-</u>
<u>\$ 72 694</u>	<u>\$ 58 312</u>	<u>\$ 14 382</u>

OTHER
FINANCIAL
INFORMATION

TOWNSHIP OF BALDWIN
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL FIDUCIARY FUND TYPES
March 31, 2008

CURRENT TAX COLLECTION FUND	Balance April 1, 2007	Additions	Deductions	Balance March 31, 2008
<u>ASSETS</u>				
Cash	\$ 74 729	\$1 080 703	\$1 021 254	\$ 133 548
TOTAL ASSETS	\$ 74 729	\$1 080 703	\$1 021 254	\$ 133 548
<u>LIABILITIES</u>				
Due to other taxing units:				
Bay de Noc College	\$ -	\$ 86 462	\$ 86 462	\$ -
Township of Baldwin				
- General Fund	-	35 119	35 119	-
Township of Baldwin				
- Road Fund	-	72 219	72 219	-
Delta County	-	190 360	190 360	-
Intermediate School				
District	-	58 542	58 542	-
Area School				
District	-	424 360	424 360	-
State of MI-S.E.T.	-	151 692	151 692	-
E.D.C. Fund	74 729	61 319	2 500	133 548
TOTAL LIABILITIES	\$ 74 729	\$1 080 073	\$1 021 254	\$ 133 548

The accompanying notes are an integral part
of the financial statements.

TOWNSHIP OF BALDWIN
 COMBINING STATEMENT OF CASH RECEIPTS
 DISBURSEMENTS AND CHANGES IN FUND BALANCE
 SPECIAL REVENUE FUND
 YEAR ENDED March 31, 2008

	Road Fund	Liquor Fund
CASH RECEIPTS:		
Property taxes	\$ 78 675	\$ -
Liquor license fees	-	536
Metro grant	2 693	-
Reimbursements and miscellaneous	1 078	-
TOTAL CASH RECEIPTS	<u>82 446</u>	<u>536</u>
CASH DISBURSEMENTS:		
Liquor law enforcement	-	700
Fire protection expenses	97 250	-
TOTAL CASH DISBURSEMENTS	<u>97 250</u>	<u>700</u>
EXCESS OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	\$(14 804)	\$ (164)
FUND BALANCE, April 1, 2007	<u>86 617</u>	<u>1 045</u>
FUND BALANCE, March 31, 2008	<u>\$ 71 813</u>	<u>\$ 881</u>

The accompanying notes are an integral part of
 the financial statements.

RAYMOND L. PAYMENT
CERTIFIED PUBLIC ACCOUNTANT

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STEPHENSON, MICHIGAN 49887
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REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH "GOVERNMENT AUDITING STANDARDS"

Members of the Board
Township of Baldwin
Delta County, Michigan

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Baldwin as of and for the year ended March 31, 2008, which collectively comprise the Township of Baldwin's basic financial statements and have issued my report thereon dated May 19, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Township of Baldwin's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose or expressing an opinion on the effectiveness of the Township of Baldwin's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Township of Baldwin's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified a certain deficiency in internal control over financial reporting that I consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township of Baldwin's ability to initiate,

authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Township of Baldwin's financial statements that is more than inconsequential will not be prevented or detected by the Township of Baldwin's internal control. I consider the deficiency described in the accompanying schedule of findings and questioned costs as items 07-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township of Baldwin's internal control.

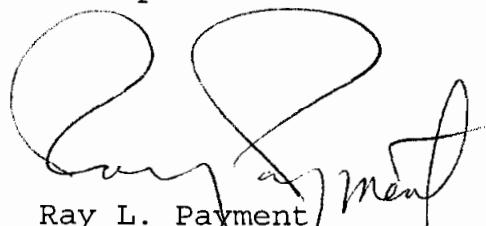
My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described in the Schedule of Findings I consider item 07-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Baldwin's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Township of Baldwin's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit the Township of Baldwin's response and, accordingly, I express no opinion on it.

The report is intended solely for the information and use of the Township Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Ray L. Payment
Certified Public Accountant

SCHEDULE OF FINDINGS
TOWNSHIP OF BALDWIN

Year Ended March 31, 2008

SIGNIFICANT DEFICIENCIES

(07-1) Ability to Prepare Financial Statements and Related Note Disclosures

Like entities of similar size, the Township uses the assistance of the auditor to draft the financial statements and related note disclosures.

Following the Township's adopted budget priorities, the Township will continue to focus its efforts on continuing education for the President, Treasurer and Clerk. We will keep the funding level for education and training the same, but focus more in the financial preparation area than in the past. Trustees will seek out training to better understand the financial statements and the training funds will be at levels similar to the past. In addition, the Township will continue to seek the auditor's assistance when necessary on procedural questions and drafting of financial statements and disclosures.

RAYMOND L. PAYMENT
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May 19, 2008

Members of the Board
Township of Baldwin
Delta County, Michigan

I have audited the financial statements of Baldwin Township, Delta County, Michigan, for the year ended March 31, 2008, and have issued my report dated May 19, 2008. Professional standards require that I provide you with the following information related to my audit.

My Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in my engagement letter dated May 19, 2008, my responsibility, as described by professional standards, is to plan and perform my audit to obtain reasonable, but no absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting standards. Because an audit is designed to provide reasonable, but not absolute assurance and because I did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me.

As part of my audit, I considered the integral control of Baldwin Township, Delta County, Michigan. Such considerations were solely for the purpose of determining my audit procedures and to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Baldwin Township, Delta County, Michigan's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of my tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Baldwin Township, Delta County, Michigan, are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008, except that the Township adopted GASB Statement Number 34.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were recording cost values of fixed assets and accumulated depreciation of fixed assets.

Management's estimates of the cost values and related depreciation is based on estimated costs assets and State of Michigan guidelines, respectively. I evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in my judgment may not have been detected except through my auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Baldwin Township, Delta County, Michigan's financial reporting process (that is, cause, future financial statements to be materially misstated). In my judgment, none of the adjustments I proposed either individually or in the aggregate, indicate matters that could have a significant effect on the Baldwin Township, Delta County, Michigan's financial reporting process.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the government unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all relevant facts. To my knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Baldwin Township, Delta County, Michigan's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing my audit.

This information is intended solely for the use of the Baldwin Township Board and management of Baldwin Township, Delta County, Michigan, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Ray L. Payment", with a large, stylized initial "R" and a long horizontal flourish extending to the right.

Ray L. Payment
Certified Public Accountant